

Protect Students and Taxpayers

Cosponsor the Students First Act

Low and middle income students rely upon federal student aid to help make college affordable. However, some colleges and universities are taking advantage of these students, providing little or no meaningful education while misusing taxpayer dollars and sticking students with the bill. Some of these bad actors are aggressively marketing to vulnerable students in potentially illegal ways while more and more of their students drop out and default on their federal student loans.

While the Higher Education Act is designed to ensure that students are provided with a quality education and taxpayer investments in education are protected, the Department of Education does not adequately police and deter violations of federal law. Existing departmental “audits,” known as program reviews, do not examine schools most “at-risk” of failing to comply with the requirements schools must meet to continue to participate in federal student aid programs. Further, when violations are found, the department does not adequately sanction these schools to punish fraudulent behavior and deter similar violations.

The “Students First Act” will strengthen the Department of Education’s oversight of institutions of higher education that are taking advantage of students and taxpayers. The bill strengthens the program review process, creating triggers that require the department to conduct program reviews of institutions most at risk of violating federal law. The bill strengthens existing sanctions against colleges who violate requirements of federal student aid programs knowingly and willfully and holds executives of those institutions personally accountable.

Bill Summary

1. Strengthens Oversight of Bad Actor Colleges and Universities

- a. Requires the department to conduct program reviews of institutions that are engaging in the most risky behavior, including engaging in serial forbearance and default rate manipulation, spending more than 20 percent of their revenue on recruiting and marketing and deriving more than 85 percent of revenue from federal student aid sources.
- b. Directs the department to prioritize additional reviews based on criteria like default rate, proportion of overall federal student aid revenue, increases in enrollment, student complaints, graduation rates, financial health, and profit margins.
- c. Requires institutions to disclose to prospective students when and why they have been subject to a mandatory review and when they have knowingly and willfully, or with gross negligence violated federal student aid requirements.

2. Enhances existing procedures for program reviews

- a. Dictates that all reviews shall assess misuse of federal funds, incentive compensation, misrepresentation, graduation rates, student complaints, and feedback from faculty and staff as well as financial capability, administrative capability, and program integrity.

- b. Ensures that program review personnel will receive appropriate training.
 - c. Ensures that final program review results are shared with appropriate federal and state entities including appropriate accrediting agencies and associations.
- 3. **Creates mandatory penalties against institutions that violate federal student aid provisions.**
 - a. Revokes eligibility from institutions that participate in incentive compensation, misrepresentation, or violate program integrity regulations. Requires the Department of Education to promulgate regulations that specify specific mandatory sanctions for other violations that are undertaken knowingly and willfully, or with gross negligence.
 - b. Imposes severe financial penalties on institutions whose eligibility has been revoked and increases fines for other Title IV violations.
 - c. Holds executives of schools personally responsible for adhering to Title IV.
- 4. **Provides relief for students who have attended bad actor institutions** – Uses funds collected from penalties to provide relief to students who attended sanctioned institutions, including tuition reimbursement and loan forgiveness.
- 5. **Enhances Data Collection and Complaint Tracking**
 - a. Strengthens existing central database of information on institutional accreditation, eligibility, and certification with information from the department, other agencies, accreditors, and associations.
 - b. Creates complaint tracking system to track and record student and staff complaints related to federal student financial aid, educational practices and services, and recruiting and marketing practices.